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SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-76482; File No. SR-CBOE-2015-104)

November 19, 2015

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Proposed Rule Change to Trade Expiring MSCI EAFE Index Options Until 3:00 p.m.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on November 13, 2015, the Chicago Board Options Exchange, Incorporated (the “Exchange” or “CBOE”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

CBOE proposes to change the trading hours for expiring MSCI EAFE [sic] Index (“EAFE”) options. The text of the proposed rule change is available on the Exchange’s Web site <http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx>), at the Exchange’s Office of the Secretary, and at the Commission.

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

1. Purpose

On April 8, 2015, the Commission approved CBOE's proposal to list and trade options on the MSCI EAFE Index ("EAFE") and the MSCI Emerging Market Index ("EM").<sup>3</sup> This filing is solely concerned with EAFE options.

When the Exchange filed to list EAFE options, the MSCI EAFE Index was not calculated and disseminated during the entire time period during which EAFE options would be traded.<sup>4</sup> Specifically, the MSCI EAFE Index was not calculated from approximately 11:30 a.m. (Chicago time) to 3:15 p.m. (Chicago time).<sup>5</sup>

Also, when CBOE originally filed to list EAFE options, MSCI, Inc. only included the companies of a component country that were listed on the component country's home market. For example, only those securities listed on domestic markets such as the Amsterdam Exchange were included for The Netherlands, a component country of the MSCI EAFE Index. Securities of Dutch companies listed on exchanges outside of The Netherlands were not included in the Index.

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<sup>3</sup> See Securities Exchange Act Release No. 74681 (April 8, 2015), 80 FR 20032 (April 14, 2015) (approving SR-CBOE-2015-023).

<sup>4</sup> The closing MSCI EAFE Index level is distributed between 1:00 p.m. and 2:00 p.m. (Chicago time) each trading day after the European markets close.

<sup>5</sup> As a result, the Exchange established listing criteria that permits the trading of EAFE options "after trading in all component securities has closed for the day and the index level is no longer widely disseminated at least once every fifteen (15) seconds by one or more major market data vendors, provided that EAFE futures contracts are trading and prices for those contract may be used as a proxy for the current index value." See CBOE Rule 24.2.01(a)(8).

Beginning on December 1, 2015, foreign listed companies will become eligible for inclusion in the MSCI EAFE Index. This means that the MSCI EAFE Index will now include the prices of certain foreign listed companies that are listed and traded outside of their home markets on U.S. markets during the time that the U.S. equity markets are open, which is until 3:00 pm (Chicago time).<sup>6</sup> As a result, MSCI, Inc. will be now be calculating and disseminating the MSCI EAFE Index value during the majority of the time that CBOE trades EAFE options.<sup>7</sup> In addition, the closing MSCI EAFE Index level will now be distributed after the U.S. markets close.

As a result, the Exchange proposes to change the trading hours for expiring EAFE options. Currently, trading in expiring EAFE options ends at 10:00 a.m. (Chicago time) on their expiration date. The Exchange established these trading hours for expiring EAFE options to align the trading hours of expiring EAFE options with expiring EAFE futures traded on the Intercontinental Exchange, Inc. (“ICE”). Expiring EAFE futures listed on ICE trade stop trading at 10:00 a.m. (Chicago time) on the third Friday of the futures contract month.

Because the MSCI EAFE Index will now be calculated and disseminated through the close of trading on U.S. markets (until 3:00 p.m. (Chicago time)) and because ICE<sup>8</sup> is also changing the trading hours for expiring EAFE futures (to close at 3:15 p.m. (Chicago time)), CBOE proposes to change the closing time for trading in expiring EAFE options from 10:00 a.m. (Chicago time) to 3:00 p.m. (Chicago time) on their expiration date.

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<sup>6</sup> The expected foreign listings for the MSCI EAFE Index would be components from Hong Kong, Israel and the Netherlands.

<sup>7</sup> The trading hours for non-expiring EAFE options are from 8:30 a.m. to 3:15 p.m. (Chicago time).

<sup>8</sup> See ICE Submission No. 15-183 (filed November 2, 2015), available at: <http://www.cftc.gov/filings/ptc/ptc110315iceusdcm001.pdf>

CBOE it [sic] is not proposing to close expiring EAFE option contracts at 3:15 p.m. (Chicago time) as ICE is doing for expiring EAFE futures contracts. This is because on the last day of trading, the closing prices of the component stocks, which are used to derive the exercise settlement value, are known at 3:00 p.m. (Chicago time) (or shortly soon after) when the U.S. equity markets close. As a result, the Exchange believes that it is appropriate to cease trading in expiring EAFE options at 3:00 p.m. (Chicago time) on their expiration day. The Exchange notes that this approach is consistent with the closing times for other expiring P.M.-settled contracts that underlie indexes that close when the U.S. equity markets close at 3:00 p.m. (Chicago time).<sup>9</sup>

To effectuate this change, CBOE proposes to amend Rule 24.6.05, which sets forth that expiring EAFE options may trade between 8:30 a.m. and 10:00 a.m. (Chicago time), by replacing 10:00 a.m. (Chicago time) with 3:00 p.m. (Chicago time).

The Exchange proposes to begin using the change set forth in this rule filing beginning with the December 2015 expiration, which occurs on December 18, 2015. The Exchange states that this change is needed to closely align the trading hours in expiring EAFE options with the trading hours in expiring EAFE futures that trade on ICE.<sup>10</sup> As a result, the Exchange is proposing to have this change apply to all EAFE options listed on or before the effective date of this filing and all EAFE options listed afterward.

## 2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder, including the requirements of Section 6(b) of the Act.<sup>11</sup> In particular,

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<sup>9</sup> See CBOE Rules 24.6.01, 24.6.03, 24.6.04 and 24.9(e).

<sup>10</sup> CBOE understands that ICE is changing the trading hours for the expiring EAFE futures contract that trades on ICE from 10:00 a.m. (Chicago time) to 3:15 p.m. (Chicago), beginning with the December 2015 EAFE futures expiration.

<sup>11</sup> 15 U.S.C. 78f(b).

the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>12</sup> requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and to perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public interest.

Specifically, the Exchange believes the filing would benefit investors by permitting them to trade expiring EAFE options throughout their expiration day and not just during a portion of their expiration day. Also, by closely aligning the trading hours for options and futures products which trade on the MSCI EAFE Index, the Exchange would provide investors and market makers with greater opportunities to hedge across markets.

B. Self-Regulatory Organization's Statement on Burden on Competition

This proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Specifically, CBOE believes that the filing would enable cross-market competition and facilitate hedging opportunities by closely aligning the trading hours in expiring EAFE options and futures. As a result, the Exchange does not believe that the filing would impose any burden on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period

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<sup>12</sup> 15 U.S.C. 78f(b)(5).

to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission will:

- A. by order approve or disapprove such proposed rule change, or
- B. institute proceedings to determine whether the proposed rule change should be disapproved.

The Exchange has requested accelerated approval of the proposed rule change. The Commission is considering granting accelerated approval of the proposed rule change at the end of a 15-day comment period.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

##### Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>);
- or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-CBOE-2015-104 on the subject line.

##### Paper comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-CBOE-2015-104. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post

all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>).

Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office of the CBOE. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-CBOE-2015-104 and should be submitted on or before [INSERT DATE 15 DAYS FROM PUBLICATION IN THE FEDERAL REGISTER].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>13</sup>

Brent J. Fields,  
Secretary.

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<sup>13</sup> 17 CFR 200.30-3(a)(12).

